



**Aalto University**  
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## CASE STUDY OF DATALOGIC VIETNAM AND THE RELATIONSHIPS BETWEEN EXPATRIATE MANAGERS AND THE LOCAL TEAM.

Tran Tien Minh Duy

International Business  
Bachelor's Thesis  
Supervisor: Charlese Mirjaliisa  
Date of approval: 9 April 2018

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**Author:** Tran Tien Minh Duy

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**Date:** 13 April 2018

**Degree:** Bachelor of Science in Economics and Business Administration

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**Objectives**

The objectives of this study are to identify the problems that expat management team would have to face working in a foreign company, which in this case is Datalogic Vietnam. The identification of such problems and conflicts would allow this study to provide solutions based on his research and gathered literature. In order to identify the problems, interviews with the expats will be conducted in order to gain insights of the company and its operations. The interviews will then be used for discussion and analysis. Moreover, the data would be based on a theoretical framework, which is created in the literature review. The solutions and recommendations for Datalogic Vietnam are provided based on this information.

**Summary**

Several papers have been written to emphasize the importance and involvement of cultures in such interactions. Secondary research data is used to build the basis for the literature framework, which is also indicating the main themes used for the interviews. Information gathered from the primary data is evaluated and discussed to reveal the relevance of the literature and real-life scenarios. The evaluation and analysis reveal the role of workplace interactions, cultural awareness, practice transfer and transparent communication in a multinational subsidiary unit

**Conclusions**

The global economy has revealed several benefits and obstacles with expatriation in an MNC. This study allows the readers to have a general understanding of the experience of the expats working in a manufacturing subsidiary unit in a Vietnamese high-tech industrial park. Main implications would be to realize the importance of the use of a common language in a foreign company, problem solving differences among subsidiary units and clashes in cultures and communication styles.

**Key words:**

International organization, Vietnam, expatriates, working abroad, manufacturing industry, subsidiary companies.

**Language:** English

**Grade:**

## Contents

1. INTRODUCTION.....	1
1.1. Background.....	1
1.2. Research problem.....	1
1.3. Research objectives.....	2
1.4. Research questions .....	3
2. LITERATURE REVIEW.....	3
2.1. Introduction .....	3
2.2. The role of expatriates on a managerial level .....	4
2.3. High and low context cultures .....	6
2.4. Literature on the corporate cultures of the focus cultures .....	7
2.4.1. The American working culture: .....	8
2.4.2. Vietnamese working culture:.....	10
2.5. Challenges faced by expats and their respective local employees in host countries .....	11
2.6. Literature on problems that expatriates and locals have to face .....	12
2.7. Effects and usage of cross-cultural training and interactions in workplaces.....	13
2.7.1. Adjustments to cross-cultural training.....	13
2.7.2. Expatriate adjustments through interactions.....	14
2.8. Summary.....	15
3. CONCEPTUAL FRAMEWORK.....	16
4. METHODOLOGY AND DATA.....	17
5. ANALYSIS AND FINDINGS .....	19
5.1. Interviews with Mr Brad West. (Appendix 1) .....	19
5.2. Interview with Mr Cristian Finotti (Appendix 2) .....	23
5.3. Interview with Chuck Orlick (Appendix 3) .....	27

5.4. Interview with Randy Person (Appendix 3) .....	30
5.5. Discussion of the interviews' findings .....	33
5.6. Analysis .....	34
6. DISCUSSION .....	37
6.1. Discussion of the Research Questions .....	37
6.1.1. 'How do American expatriate specialists and managers influence the Vietnamese subsidiary of a European MNC?' .....	37
6.1.2. 'How does a manufacturing subsidiary of an MNC (Datalogics) in Vietnam resolve its non-routine problems with the American expatriates being involved in such issues?' .....	37
6.1.3. 'How will managerial position and level of interactions influence the way expatriate managers evaluate the capability of crisis handling and day-to-day operations in Datalogic Vietnam?' .....	38
6.1.4. 'How effective is cross-cultural training implemented by the MNCs compared to informal cross-cultural interactions in terms of resolving communication problems in subsidiaries?' .....	38
6.2. Evaluation .....	39
7. CONCLUSION .....	41
7.1. Implications for international business .....	41
7.2. Suggestions for further research .....	42
Reference list .....	44
Appendix .....	47
Appendix 1: Brad West, the General Director of Datalogic Vietnam (retired) .....	47
Appendix 2: Interview with Cristian Finotti, Vice President of Supply Chain Managemen at Datalogics Headquarter .....	51
Appendix 3: Interview with Chuck Orlick .....	54
Appendix 4: Interview with Randy Person .....	55

Appendix 5: The Conceptual framework.....	58
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## **1. INTRODUCTION**

### **1.1. Background**

Datalogics Vietnam is a manufacturing subsidiary unit of the Datalogic Group, an Italian global company in Industrial Automation market. Datalogic Group is specialized in producing bar code readers, mobile computers, sensors, etc. Datalogic Vietnam is established in 2009 in Ho Chi Minh city to meet the high demand for high-quality and efficient manufacturing plants and the preservation of the company's global leadership.

Initially, the Vietnamese subsidiary was meant to be a joint manufacturing plant between American and Vietnamese. The General Director at the infant phases was John Burns, an American expat from the Eugene plant. He was later replaced by Brad West. The Vietnamese General Manager is Phat Tran and he has been at that position since the beginning phases of the company. Datalogic Vietnam transformed itself from a minor subsidiary plant to be the main producer and a model for efficiency in manufacturing for other plants to follow suit.

### **1.2. Research problem**

In a globalized business environment, conflicts revolving around expat/foreign manager and the local management team have been an issue that varies between business sectors and host nations. Research (Gunkel, Schlaegel, Taras, 2015) regarding the communication issues between the two parties has shown how the clashes have started based on studies regarding cultures and different corporate cultures. These studies used study cases of certain nations and companies from different sectors in order to generate guidelines for managers and expats to follow as well as generate a contemporary solution for certain cases (Thomas, 1996; Li, 2005; Tippman, 2015). However, they (Gunkel et al, 2015) lack the proper application method for a specific target, especially the manufacturing subsidiary units.



Vietnamese subsidiary units have been both suffering and benefiting from the infusion of expat managers and local management team. Proposed answers (Gunkel et al, 2015) , which attempted to solve these conflicts have been too few to make much of a difference.

In such case, research in any specific business sector would not be sufficient to provide a helpful set of guidelines without an involvement of several expats with different home countries and a company that has been successful to incorporate these people to work together with the local teams as well as with each other. The main antagonist here is that as researchers we have to keep in mind that one case does not justify a final solution. Nevertheless, it would allow expats coming to Vietnam and local managers to have a more insightful view of the causes for possible conflicts and potential resolutions.

In general, the research problem that this study is attempting to address is the understanding of how the presence of expatriate managers would influence the interactions among managers and the lower levels of hierarchy in a subsidiary unit.

### **1.3. Research objectives**

The objectives of this study are to identify the problems that expat management team would have to face working in a foreign company, which in this case is Datalogic Vietnam. The identification of such problems and conflicts would allow this study to provide solutions based on his research and gathered literature.

In order to identify the problems, interviews with the expats will be conducted in order to gain insights of the company and its operations. The interviews will then be used for discussion and analysis. Moreover, the data would be based on a theoretical

framework, which is created in the literature review. The solutions and recommendations for Datalogic Vietnam are provided based on this information.

#### **1.4. Research questions**

The study will be focusing on these research questions, which represent the structure of the following discussion. They represent the problems as they reveal themselves during secondary and primary research and this study would provide analysis and recommendations based on the data collected.

‘How do American expatriate specialists and managers influence the Vietnamese subsidiary of a European multinational company?’

‘How does a manufacturing subsidiary of a multinational company (Datalogics) in Vietnam resolve its non-routine problems with the American expatriates being involved in such issues?’

‘How will managerial position and level of interactions influence the way expatriate managers evaluate the capability of crisis handling and day-to-day operations in Datalogic Vietnam?’

‘How effective is cross-cultural training implemented by the multinational companies compared to informal cross-cultural interactions in terms of resolving communication problems in subsidiaries?’

## **2. LITERATURE REVIEW**

### **2.1. Introduction**

The focus of the literature review is on studies and research done on the field of cross-cultural interactions between expatriates and the local workforce. The key cultures of these literature are American (North American) and Vietnamese. However, most

studies about expatriates' experiences working in the host countries emphasize mostly on comparing the host country's culture with the foreigner's cultures. What the literature review will defer from the combination of these research papers is to see how these relevant cultures interact with each other and resolve their conflicts. It will attempt to answer the research questions mentioned above.

## **2.2. The role of expatriates on a managerial level**

The rapid growth in globalization and global competition has increased the importance and influence of expatriates in Multinational Companies (MNCs) and their subsidiaries. The effectiveness of expatriate managers becomes a determinant in the success rate in establishing subsidiaries and the communication between and within these units. Brewster (1997) points out that the reasons that many foreign firms have not achieved successes in sending expatriates were to the inefficient management and lack of preparation for these expatriates. Studies (Brewster & Scullion, 1997; Lee, 2010) find that the main reason for these expatriates to be present at foreign subsidiaries was to fill the technical and management skills gap that these units lack.

Ahlvik and Björkman (2013) also claim that the aim of implementation of expatriation in subsidiaries was to integrate and internationalize practices in MNC units. Their work indicates that 'the ability to transfer organization practices across multiple locations is a potential source of competitive advantages for MNCs' is a viable strategy and should be conducted wisely. However, the implementation, integration and internationalization of these practices differ due to the nature of their studies, which focuses mainly on the Nordic MNCs and their subsidiaries. Their working culture and practices cannot be taken as examples for this paper, which is focusing on the effects of Western expatriates on the local practices in a Vietnamese subsidiary. In this case, Brewster and Scullion (1997) provided a significantly better analysis of the role and

implications of expatriates in a foreign unit. However, Brewster and Scullion's work is far outdated comparing to Ahlvik and Bjorkman.

A good example of a study regarding expatriate managers in a culturally different country would be Hannah Lee's work regarding the intercultural communication adjustments in local operations in host countries (2010). She uses her home country, China, as the study case for her paper. Even though she uses China as the main culture to be compared with the American culture, it must be considered that Chinese and Vietnamese cultures share certain similarities that would allow her work to have a level of relevance with the case of Datalogics in Vietnam. According to her work, there is a need for managerial development in nations that are host countries for these involved expats. There is usually the lack of motivation for improvement of work performance from the employees. The low number of competent local managers have been proven to be somewhat damaging the potential of these local subsidiaries (Lee, 2010). This situation is applicable to the present paper due to the similarities in culture and work practices in China and Vietnam. Similar with Ahlvik and Björkman (2013), she shows that internationalization of practices would bring cohesion in these subsidiary units in terms of working culture. It would, to a certain degree, enhance the competitive advantage that these units were designated

The effects of trust and shared vision knowledge transfer among Headquarter units and their subsidiaries have also been studied. In order to achieve the comparative advantages mentioned by Ahlvik and Björkman (2013), companies need to establish long-term mutual relationships with their subsidiaries as positive and trustworthy. Similar studies have shown that a high degree of trust would influence the expatriates and their local employees to integrate more and share more information. It is also mentioned by Hsiang-Lin Cheng and Carol Yeh Yun Lin (2008) in their work that people with a willingness to communicate with an open mind is crucial in working abroad.

### **2.3. High and low context cultures**

Edward T. Hall (1976) discusses the differences and definitions of high-context (HC) cultures and low-context (LC) cultures. According to his book titled *Beyond Culture*, he states that people from HC cultures would communicate through implicit cues, contextual elements (i.e., hierarchical order, speaking tone, etc.) and indirect methods rather than verbally stating what they are meant to say. On the other hand, people from LC cultures would clearly state out their messages and intentions through language and explicit indications. For examples, Vietnamese, Chinese and Japanese cultures are deemed to be HC cultures while most Western cultures are considered to be LC cultures.

In one study regarding communication styles and cultural features of HC and LC cultures (Nishimura, Nevgi and Tella, 2008), it is stated that HC cultures would value collectivism and group harmony over individualism, which is the core element for people from LC cultures. They also claim that the main difference between these two spectrums is the level of politeness in asking questions. This is reflected in workplaces, where problems arise unnoticed due to the lack of initiative from the employees from LC cultures. This study will benefit from understanding this issue stated by these authors.

## 2.4. Literature on the corporate cultures of the focus cultures

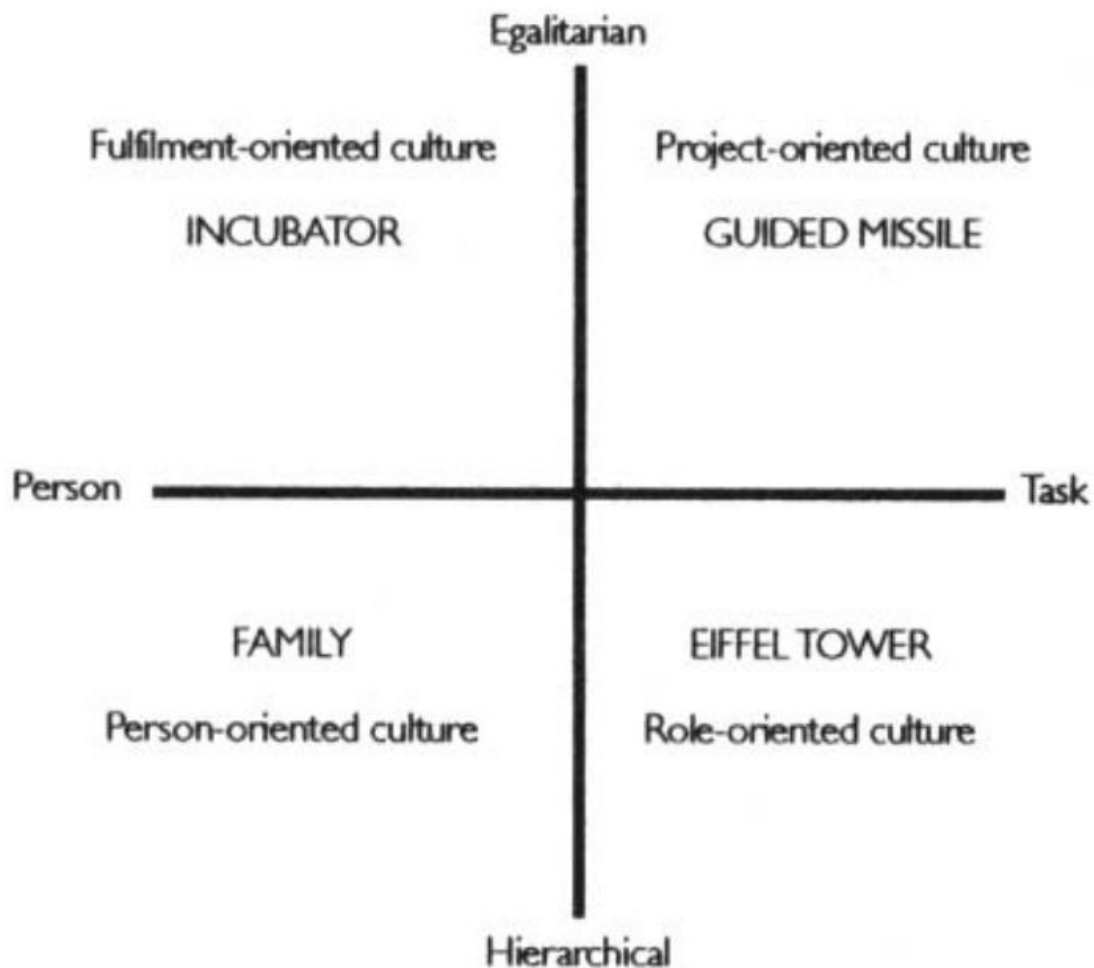


Figure 1: Corporate images (Trompenaars & Turner, 1997)

Trompenaars and Hampden Turner (1997) identified four different corporate cultures that would help to categorize the focus nationalities in the study. According to their study, we can put the Vietnamese into the People-oriented culture while the Americans will be the project-oriented culture. However, it is best to keep in mind that the authors have stated that in practice, one nationality might overlap over several sections. The separation seen in the graph above is useful when it comes down to understanding the employees' behaviors in a multi-cultural workplace through a simplified point of view.

#### **2.4.1. The American working culture:**

Being put into the project-oriented culture, the American expatriates usually come from a LC culture according to Hall's definition of different levels of cultural context. This means that they will solve problems using logic and would not be reluctant in being confrontational. According to Hofstede (n.d.), American society is individualistic, which leads to the lack of socialization from the American expatriates while working abroad. They will also expect the employees to take initiatives in taking part in working towards the solutions on themselves. According to Trompenaars and Hampden-Turner (1997), the American employees also prefer to be left alone to finish certain tasks. They are also used to a flat organization structure, which empowers the employees and helps them to be more involved with the operations of the MNCs.

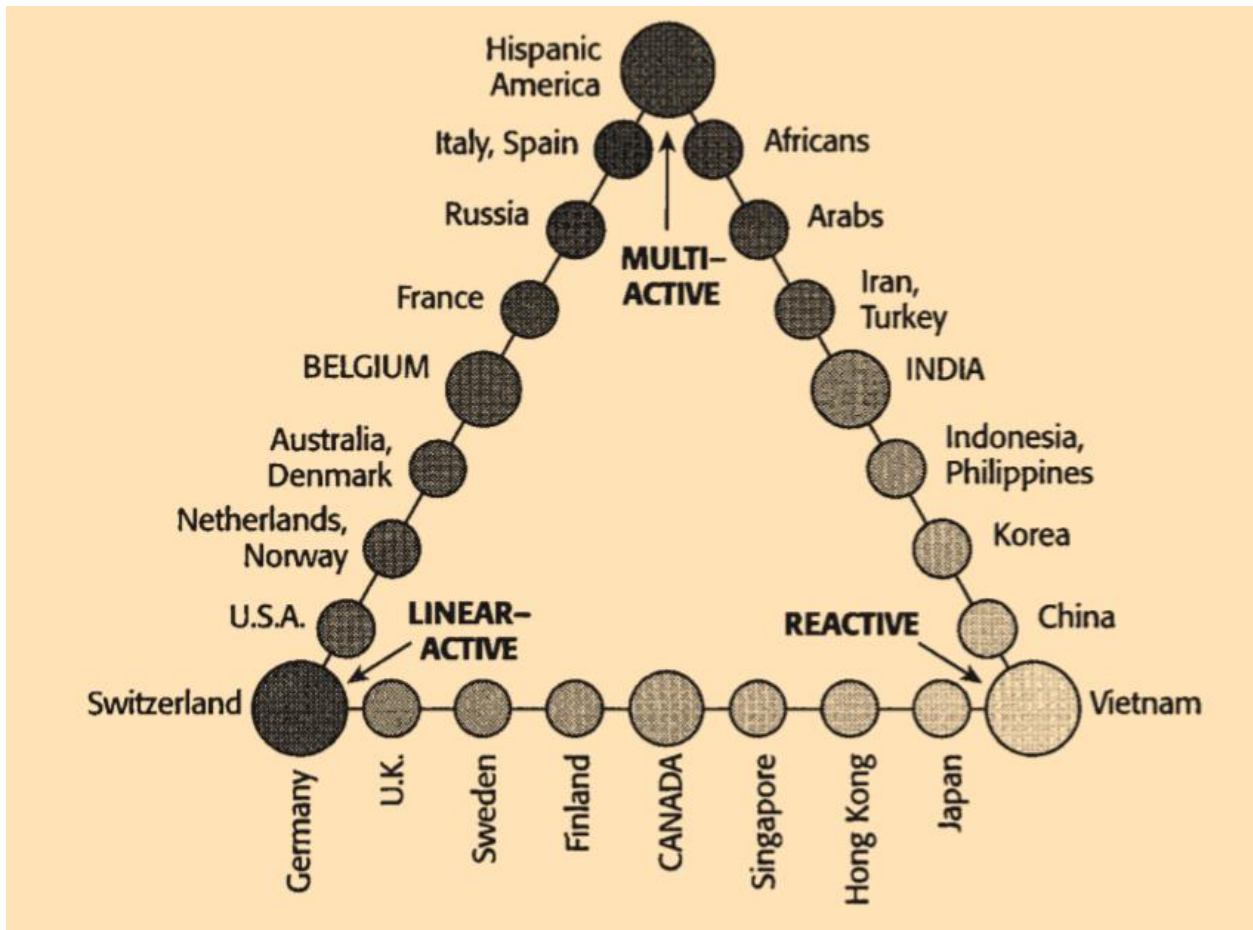


Figure 2: Cultural categories of communication (Nishimura S., Nevgil A. and Tella N., 2008)

Figure 2 gives some insights into how the study (Nishimura S., Nevgil A. and Tella N., 2008) has categorized cultures according to their communication aspect. The triangular shape allows the theories of three main types of communication to be the main categories. Therefore, the countries' cultures were then set according to their main spectrum. However, such categorization is not sufficient to provide details regarding certain communication styles. It does deliver a general view of how linear-active, reactive and multi-active groups would be used to simplify cultures and help with this literature.

As we can see from figure 2, the Americans belong to the linear active group. According to Lewis (1996, 70-89), linear active group represent those who are task



or project oriented. They will solve problems based on the facts presented to them on a surface level. Working with the American expatriates would require the local team to be more straightforward and direct with their communication

#### **2.4.2. Vietnamese working culture:**

In terms of cultures, Vietnam shared many similarities with China. The same thing can be said for work ethics and practices. The heavy stress on hierarchy and saving faces have been embedded in the society and workplace. The Vietnamese subordinates would consider their leaders to be strong and charismatic while they would be asked to be obedient, diligent and hardworking yet accepting towards any policies made by the managers. This prevented them from being creative and initiative in terms of dealing with crisis and non-routine problems. Such disadvantages prove to be countered with a suitable approach, which is usually either a local manager familiar with the Western working culture or an expatriate manager. (Le, n.d.)

It is indicated in figure 2 that Vietnam belongs to the Reactive group. Lewis stated that Reactives are less initiative than the Linear-active group. Despite being slightly better listeners during a conversation, Vietnamese tend to react slower than Americans when it comes down to handling crisis. During a crisis or a confrontation, the Reactive group would avoid direct confrontation and avoid speaking up their own minds out of fear of losing face and offending the opposite party (Lewis, 1996, 70-89).

## **2.5. Challenges faced by expats and their respective local employees in host countries**

Peltokorpi's work (2010) depicts intercultural communication as communicative encounters between people from the various cultural background. She mentions that although languages are the core elements of cultures, they were most of the times ignored due to the assumption of using English as Lingua franca in most organizations. However, she argues that using the same foreign language may not guarantee an error-free understanding due to the different cultural values. These values along with different communication styles will create barriers to 'perceiving, analyzing, and decoding explicit and implicit messages.' Moreover, the language proficiency of those involved may vary, which would lead to the lack of willingness to communicate and misinterpretation. The author reveals that cultural competencies and behavioral adaptations are not so important in intercultural communication in the environment where the local employees are not so proficient in the chosen foreign language. Mastering the local language seems to be a big challenge for the expatriate managers, especially the languages that are significantly linguistically different to their home countries. However, the fluency in the language may not be the major determinant in capturing the cultural nuances in the host countries. If anything, the proficiency in the local language will create the false expectancy of understanding the cultural norms that are mostly unfamiliar with the expatriates. This study provided the present papers with some perspectives into how language proficiency of both parties can influence the effectiveness of the communication.

Other scholars (Park et al., 1996) also suggested that the intercultural communication is hindered due 'selective transmission', when one side only inform the other side what this side seems to be necessary or what the other side wants to hear. Other reasons include suspicion, mistrust, ethnocentrism and reluctance in use of foreign language. These studies provide insights into what can cause the communication problems and their effects in subsidiary units. However, these studies cannot focus on too many

countries since most of the case studies were comparing two different cultures, one from a LC culture and another from a HC culture. This prevented these studies to be used effectively in Vietnam despite the similarities in cultural context due to the complexities of a specific subsidiary unit.

## **2.6. Literature on problems that expatriates and locals have to face**

Studies suggested the problems that both expatriates and locals are originated from the misunderstanding of each other's cultures and communication style. Such simple causes, however, can create fear of being an outcast and anxiety for the expatriates. For the locals, the feelings of being treated unfairly might be due to the lack of transparency and equity in the compensation. This can be attributed to the cost and value of implementing the use of expatriates. Studies have also shown that 'MNCs usually make significant adjustments to the expatriates' total compensation package to allow the expatriate to maintain a standard of living comparable to that which they would have enjoyed in their home country' (DeNisi, 2005). However, such reward system will differentiate team members from each other according to their compensation.

There are also research indicating the conflicts between expatriates and locals originate from the lack of interactions between these two groups of individuals. The lack of interactions can be attributed to the lack of communication and language training that should have been provided. Studies show that the inability to understand the local language in a HC culture would be proven to be difficult for the outsiders to be accepted to the in-groups. (Brewster, 1997; Thomas, 1996)

Due to the lack of common language in most cases, the expats and the locals seems to have difficulty understanding and transmitting information with each other. This

creates a new kind of urgency, which is related to documents and crisis situations that cannot be sufficiently translated into subsidiary languages. Knowledge and practice transfer would also be struggling since those who know the corporate or subsidiary units would have the full power over the dissemination of information. It is similar to having a screen of censorship being based on the language barrier. (Charles and Marschan-Piekkari, 2002)

## **2.7. Effects and usage of cross-cultural training and interactions in workplaces**

### **2.7.1. Adjustments to cross-cultural training**

Brewster (1997) claims that despite knowing fully that cross-cultural training would bring potential benefits to the expatriate managers, most firms disregard them as wasteful and ineffective. The training is deemed to be lackluster in comparison to the realistic on-the-field experience. However, other studies argue that such training would go far in preparation for the foreigner managers as they could receive somewhat of a tip of the cultural iceberg. Other sources state how most of the difficulties were a direct result of the language barrier. Hannah Lee (2010) states in her study that most of the times the Western managers fail to communicate with their Chinese counterparts are due to the lack of language training. There are also claims that the host country's colleagues should also undergo the same language training as to improve the relationship with the expatriates.

Thomas (1996) agrees in his work that Cross-Cultural Training (CCT) program do serve a purpose in informing the expatriates in terms of easing the initial adjustments and making intercultural interactions successful. The goal for CCT is to reduce the amount of stress from both sides and to achieve the goal of establishment of new relationships. However, both Thomas (1996) and Brewster

(1997) claim that despite the literature showing how effective CCT could be for the expatriates, most firms do not use it.

The studies regarding the cross-cultural training and its evaluation are well documented due to its importance in the field of HRM, expatriate management and training. They provide certain insights into how the training is conducted and its benefits from doing so. However, it lacks the implementational practical aspects that you would expect from such an important factor of expatriation, especially in Vietnam. There have been very few studies regarding the usage of such training and documentation of related consequences. This provides room for this study to analyze how expatriate managers cope with the cultural differences in a Vietnamese subsidiary. The paper will be focusing on evaluating the theoretical concepts of cross-cultural training in such environment and the real scenarios retold by ex-expatriate managers having worked in the aforementioned environment. (Lee, 2010; Lin et al., 2015)

### **2.7.2. Expatriate adjustments through interactions**

Freeman and Lindsay (2011) suggest that expatriates who have not been mentally prepared for the mission will most likely adjust to the new environment through regression and isolation into an enclave that shields them from the host society. They claim that the Host Country National (HCN) workers would be the vital factor in the expat adjustments. In order to achieve the main objective of expatriation, these foreign managers need to interact with the local colleagues and achieve knowledge and technology transfer without creating too much conflict. Studies also argue that HCN's classification of the expatriate managers as members of their in-group have helped these expats to adjust more effectively.

Thomas (1996) indicates that adjustments made by the expatriates need to be categorized into three different accounts, which are work adjustments, interactions adjustments and general adjustments. The work adjustments focus mainly on the working culture of each specific organization, which may not reflect the real cultural identity presented by the CCT program. However, it is critical if the expatriates were aiming for work cohesiveness. The interactions adjustments are mainly how the expatriates adapt to the colleagues' way of life and become a part of the in-group. Lastly, the general adjustments are the ability to adjust to all facets of the new environment. However, his work showed his argument that CCT is needed for such adjustments to occur. This is contradicting to the work of Brewster (1997), which acknowledged the necessity for CCT but claimed that most firms consider it to be redundant.

Most researches conducted on expatriation mention the selection process of expatriates and how it can be a factor in the process. Lee believes that such task should be given high priority due to its importance. The skills that most scholars are suggesting are the abilities to EQ competencies, possession of an understanding of HCN's cultures, independence, openness and social ability. These are major contributing factors to how these expatriates are reacting to the new environment and adjust accordingly. Therefore, the selection of expatriates becomes an independent variable that affects the process in whole. (Freeman & Lindsay. 2012; Lee, 2010)

## **2.8. Summary**

The literature provides the study with a general understanding of the involved working cultures in the company. The differences between the American and the Vietnamese in terms of cultures and languages have allowed room for further research and data collection in order to understand how these two spectrums collide with each other.

Moreover, the topic of how interactions between local employees and foreign employers would be of high importance for global managers to understand the chemistry of expatriation and practice transfer. The implementation and importance of cross-cultural training are to be studied from the experiences of those having worked as expats in a subsidiary.

### 3. CONCEPTUAL FRAMEWORK

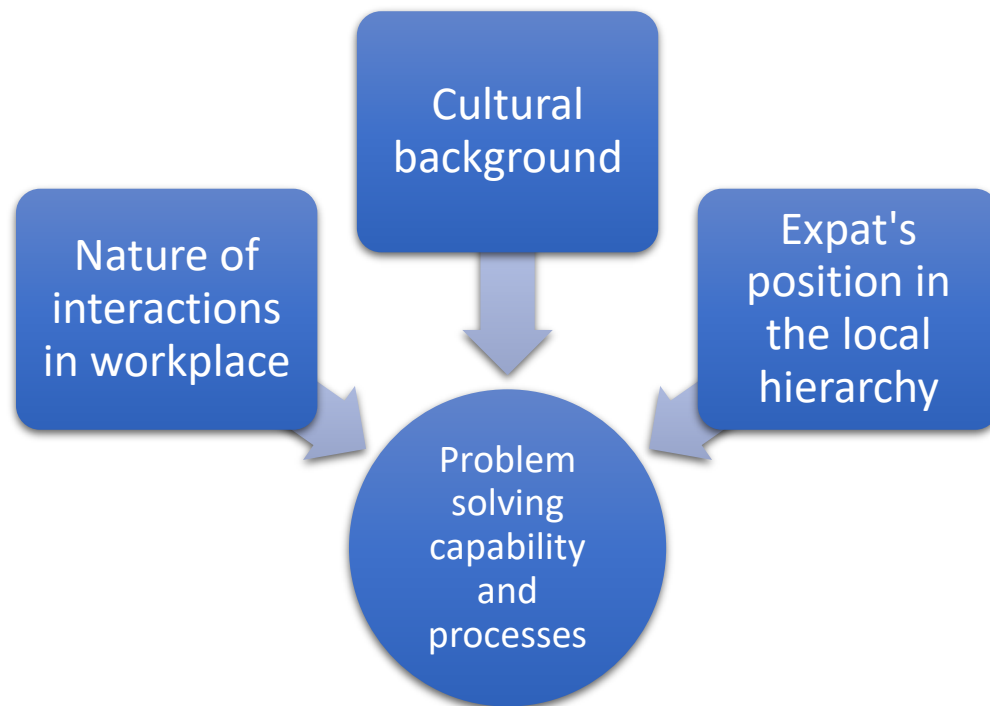


Figure 3: Conceptual framework (appendix 5)

The conceptual framework is the result of the findings in the literature review. It reveals the importance and the relevance of the three factors: the expat's position in the local hierarchy, the nature of the interactions in the workplace and the cultural background of those involved. The study attempts to investigate the relationships that hold these elements in their respective places and how it has a certain influence on the practices of the local subsidiary. The interviews would be built to understand how the expats would

view these elements and their impact on the problem-solving capability and operational processes.

#### **4. METHODOLOGY AND DATA**

The data for this research paper was collected through personal interviews with chosen personnel working or having worked as expatriates for Datalogics Vietnam. Here is the list of interviewees:

- Brad West, Vice President Operation Director (retired)
- Chuck Orlick, Ex-Supervisor Advanced Manufacturing Engineering at the Datalogics Vietnam and Datalogics Eugene (United States)
- Cristian Finotti, Vice President of Supply Chain Management at Datalogics Headquarter (Italy)
- Randy Person, Supervisor Advanced Manufacturing Engineering at Datalogics Eugene (United States)

The order of interviews was conducted according to the positions held by the interviewees when they were expatriates for Datalogics Vietnam. Such order will allow this study to have a general overview of the operations and the strategies involved in integrating and implementing expatriation in the company. Mr Brad West was the General Director of Datalogics Vietnam representing the headquarter unit as well as the subsidiary one in Eugene, United States. He was the bridge between American unit with Vietnamese unit and one the first few expats to be working in Vietnam for a very long time. Working closely with Mr West was Mr Phat, the General Manager of Datalogics Vietnam. They both form a team and cooperatively manage the company. Along with Brad West was Cristian Finotti who was the representative for the Headquarter unit in Italy and would be spending short periods of time in Vietnam while directing and monitoring from afar. The other expats



were chosen due to their exposure to the local team and their extensive length of stay in Vietnam.

There are certain advantages to Skype interviews. During the Skype interviews, any concerns raised by the interviewer will be addressed immediately while email interview would take time for both parties to reply. It would yield honest answers from the interviewees as the researchers ask them to reveal their personal experience. Recalling emotions and memories would be easier for them to speak out rather than write an email about the experience itself. A high response rate was guaranteed as the interviewees were interested in helping with the study. This allows the data collection procedure to be carried out quickly.

However, the interviews would prove to be biased due to the limited number of participants. The points of view would mostly be one-sided due to the lack of diversity in the participants.

The participants were chosen based on their length of stay in Vietnam and their level of involvement in not just the daily operations but also the long-term development of the company. Most of the participants have spent a significant time in Vietnam. Some even had their family moved to Ho Chi Minh City for convenience sake. Most of the interviewees are Americans which are relevant to the research question of how American expatriate specialists and managers influence the Vietnamese subsidiary of a European MNC. In the cases of Randy Person and Chuck Orlick, Mr Brad West personally recommended to the interviewer these contacts since he believes they could help with the data collection.

Using the conceptual framework provided above, we need to identify the people who are willing to provide information regarding the independent variables of the workforce's cultural context, implementation of cultural training and preparation as well as the

corporate culture of Datalogics Vietnam. The interviews are built to revolve around these issues. Questions regarding how the expatriates cope with working in a foreign environment and how they view their Vietnamese colleagues would be used to understand the experience of the expats.

Also, the interviews' transcripts would be transcribed and parts that are deemed important for the research will be selected and presented in the appendix section. The criteria for the selection would be based on how the interviews answered the research questions, how they were correlated with the theoretical framework and the purpose of this study.

Since the interviewees were selected for the purpose of having a multi-dimensional view of the company, Cristian and Brad West represent the top management while Chuck and Randy represent the middle managers. The analysis will be focused on the vertical and horizontal interactions among these individuals and their respective perspectives.

Moreover, the themes chosen for the discussion with the interviewees include their experiences working for Datalogic Vietnam and their impressions of the local teams. Questions will not be prepared beforehand as the interviews will be conducted based on the information provided by the participants.

## **5. ANALYSIS AND FINDINGS**

### **5.1. Interviews with Mr Brad West. (Appendix 1)**

Mr Brad West was the General Director (GD) for the operations of Datalogics Vietnam. He worked closely with Mr Phat, the Vietnamese General Manager and developed the local team to meet international standards as well as to grow the corporate mindset. He has made several comments on the experience working here as an expatriate.

As a GD, he enjoyed working with Datalogics Vietnam and developing organizations through molding them into a high-performance organization. The first comment he made regarding his Vietnamese team was their attitude of being open and friendly. The relationships between the expats and their respective local teams were significantly different those of other companies due to the trust and sincerity of the locals. Such partnership was not taken for granted but built by the previous GD with Mr Phat. He admitted that there were cultural differences but the openness to communicate negated that problem in the higher levels of management.

“(...) I felt like our challenge was not so significant because the general manager that led the day-to-day is in sync 100% with the General Director who also owns the global operation. (...)” (West, 2018)

He mentioned that the reason for such openness from the local team was attributed to Mr Phat's past experience with foreign companies and their general corporate culture. He shared the same perspective with the GD regarding quality in management, manufacturing, quality control and delivery of services.

However, Mr Brad West stated that he and other expats did not work so well with the lower level of management. He gave out an example regarding a Senior Planning Supervisor, who was working closely with the GD. According to Mr West, the Supervisor has a rather narrow perspective when it comes to his field of work. Whenever production or supplies did not meet the schedule or the plans, he would not hold accountable for such problems and would strictly report back to the higher-level managers, who were believed to give out instructions for him to follow suit. However, such actions were not taken lightly by the American managers, who expected these Supervisors to take the initiatives to solve the problems as well as be prepared for any risks. Mr West believed it was due to the cultural stigma that was holding his team

back from being more responsive to crises and taking ownership of the company. Quoting Harry Truman, 'The buck stops here', Mr Brad West was more used to having his subordinates being able to handle crises and take responsibilities without fear of losing face. His team in Vietnam, despite being capable, was not showing their full potential out of respect for authority and their managers.

“(...)They were always waiting for their senior managers to tell them what to do. In the US, it was the opposite. The managers expect you to make things better by yourself and not to wait for the senior managers to tell you what do. Despite showing great respect towards their managers, these people need to lay off the weight on the General Manager's shoulders. The reality is the lower part of the organization needs to grow into an international model expected out of this company. They have no clue why they need to take responsibility and ownership of the company. What they need is to understand how to empower themselves as well as to use the freedom that they have to be more efficient in the workplace.(...)” (West, 2018)

The major challenges that he addressed were to grow the workforce into an international standard set by the headquarter unit. He stated that the lower levels of management had no idea why they need to be initiative and felt uncomfortable accepting the necessary risks. Such reluctance had put too much stress on the General Managers and his team, who had to deal with every crisis. What these people need to understand is that they need to use the freedom given to them in order to empower themselves and solve the issues.

“(...) I actually said to them the problem is that you think you're gonna get in trouble by taking more responsibility. What you don't understand is when you don't take more responsibility, you're getting in trouble with me since my perception of your performance and your attitude is not good. So because if you think about what I'm asking for. 'Don't worry' I said, 'Don't worry about the risk that the plan is not right all the time that's not my issue.' My issue is that you have to own it and you will have to figure out how to make it better therefore you need not to make excuses and if you're making excuses to me, you have to understand that I would perceive your performance as poor. However, if you tell me the results aren't so good but

I'm working to make it better then I have a positive perception of you because that's ownership; that's accountability; that's empowerment. (...)" (West, 2018)

The problem came from both sides as the high expectations from the GD were not met as the local staff was reluctant to change. However, the expectations were not only from the GD but also from the high-level management team, who also wanted the whole organization to operate at an independent level. They both understood how the workers differentiate themselves from the managers due to the hierarchical society of Vietnam. He made a couple remarks during the meetings that people were uncomfortable and nervous when the GD was sitting in front of them.

The way that the expatriate GD and the local management team attempted to solve the problems was to hold these yearly planning meeting about how to drive improvement. They would talk about the differences in cultures among Italian, American and Vietnamese. Pointing out weaknesses and strengths would allow the management team to understand what kind of problems they have to deal with this diverse workforce. What the GD wanted the local workforce to realize that they have a local senior management team to rely on and Datalogics Vietnam was not simply a foreign company. He did not want the company to be run by a group of expats who are unaware of the hidden differences. Again, he repeatedly mentioned how the drive for improvement and the drive for the mentality of ownership of the role must be enforced somehow into the mindsets of the Vietnamese people. In some ways, he was feeling that the employees that were working with him are capable people. However, they were not up to the tasks that he demanded of them.

"(...) We didn't do it overnight. We didn't get to maturity in high performance overnight, but it could have been an absolute nightmare. A lot of organizations fail when they try to start up a local foreign organization because they never get everybody in sync right so it's more than just culture. (...)"

"(...) One of the key elements of this yearly planning meeting was about how to drive improvement. It was also about organization and performance. We sat and

talked about the differences in culture and the differences between the cultures that we had to face in the company. (...)"

In his opinion, the cultural training did not matter as much as the intentions of the expatriates. These people must take the initiatives themselves in order to be appreciated by the local team. Learning the language and showing that you are trying your best to integrate would gain the favors from the locals. Moreover, the Vietnamese people have a positive opinion towards western culture, which allows the expatriates to be respected to a certain degree.

## **5.2. Interview with Mr Cristian Finotti (Appendix 2)**

Mr Cristian Finotti is an Italian. He worked with Datalogic as a Vice President of Supply Chain Management. He would visit the subsidiary in Vietnam in order to supervise and report back to his headquarter unit in Italy. Despite not being a long-term expat like Mr Brad West, Finotti was involved with several critical sessions with the local team and the Vietnamese managers.

Similar to West, Finotti found working in Vietnam a pleasant experience without any troubles. He indicated three main points of complexity working with the Vietnamese team. First, the differences in management styles between the expat managers and the local managers are the most prevailing aspect. The second point is the realization of the differences in cultural elements, which brought the managers to the discussion table in order to resolve the issue. The third factor that Finotti mentioned was the attitude of the Vietnamese lower management team when it comes to taking responsibility and resolving crises by themselves.

“(...) If I have to leave the three major points of complexity in the management relationship was different management styles where US is practical and U.S. people are really pragmatic when it comes down to project management oriented.

Italian people are verbally complicated so we used to talk a lot and we used to spend a lot of words to get around the concepts in order to try to explain yourself. We tend to explain things that twice or three times in slightly different ways because we believe it's the best way to get things through to the other people.

And so on one side they ( the Vietnamese) are very respectful about the individual and about the people and so they want to make sure that whenever you interact with them you have a full respect about the individual opinion but they're also very hierarchical okay so you cannot talk in the same way to all the people in the organization no matter where they are positioned. They're very strict in following the hierarchy so the boss is the boss the lieutenant is the lieutenant and so on with all the other level below. (...)”

He talked about the three main cultures that dominated the management of Datalogic. He stated that the Vietnamese and the American team had been working together for quite some time before the Italian elements started flowing into the company's chain of command. There was a lack of alignment between the U.S. team and the new Italian team, which caused complications when three pre-built opinions clashed with each other in a professional environment. This shows that the problems were not simply two-way between the expats and the local team but also among the expats themselves.

According to Finotti, the three cultures created three different spectrums of corporate culture. While American represents an organized and pragmatic approach, the Italian is always verbal and complicated in their own way and the Vietnamese have its strong hierarchical system that must be respected and not easily dissuaded. Similar to West's opinion on the local management team, he claimed that the local chain of command was well led by a General Manager.

“(...) No matter these difficulties I think that the three major points of solution or I'll say the three major achievements that the team made was first of all to have the

right people in the right place yeah so having a factor and the first management line of Mr Phat all coming from Vietnamese culture and not coming from U.S. or Italy it was a winning point. Because with that approach, we guaranteed that all the organization of Datalogic Vietnam was managed accordingly to the major Vietnamese cultural principles and so which requires a lot of trust from outside in Phat and his management style and his people.(...)"

Phat was the connecting joint according to both West and Finotti. It was because of him not being an American or an Italian that allows the organization of Datalogic Vietnam to be managed by Vietnamese principles. However, that sort of management team would require trust and assistance from the expats, who are sometimes lacking the understanding of the operations done in the company.

The second point that Finotti talked about was the cultural meetings that was mentioned by West in the previous interview section. In these cultural meetings, they have deep discussions regarding cultural perceptions of each other's culture and brought into the table points that were considered to be weaknesses by the people from the different cultures. Finotti thought it was a great way to have open communication between the parties, which developed trust and transparency among the management team. However, he also provided an issue that was not raised by Brad West. The physical interactions between the people are irreplaceable when it is compared with video calls and cultural meetings. The fact that the American and Italian expats spend a significant amount of time in Vietnam was to be the bridge of communication when they are back to their home country's headquarter. Such bridge of connection did not exist before the expatriation and they were responsible for increasing the quality and quantity of communication between the two organizations.

"You sum up four, five or ten guys in organizations with relatively huge time spent in Vietnam and you spread them five in Italy and five in the US. You have created a significant channel that is worth continue investing for the development of the future" (Finotti, 2018)



There was an interesting point made by Finotti after explaining why long-term expats in Datalogic Vietnam were important. He stated that they have missed a huge opportunity of exchanging knowledge between the Vietnamese and other subsidiary units abroad. There was a small number of Vietnamese specialists and managers that came to Italy, Hungary and the US but it was never for a long period of time. Extended physical context would be better lessons in term of understanding and communication.

“Until we addressed it by explicitly saying it to the Vietnamese management people, ‘Hey guys! You are the local representation of a function and yes, you have a boss that might be in the US or might be in Italy, but you are here, and you have to as much as possible to solve things here by interacting with the local suppliers or local reference. That was generating some conflicts. We came to a point where we understood this was an obstacle and we had to hold meetings in Vietnam with the local reference of which function, which could be procurement, logistics of quality control. In the meetings, we agreed that there is a worldwide boss, but he could not solve everything. So, we would like to empower as much as possible all the ladder of the organization. All the levels of the management should be able to solve most problems and only when it was impossible then he can escalate it up the ladder. It was long process, but it created an evolution of the organization.” (Finotti, 2018)

West and Finotti both faced the same problem that plagued the lower managerial levels of Datalogic Vietnam. While being significantly respectful of hierarchy, the Vietnamese staff was surprisingly lacking in initiative in being accountable. While the American and Italian expats were expecting the middle managers to be able to solve the problems instead of reporting it to the ‘boss’ of the chain of command, the Vietnamese staff would prefer sticking to their own hierarchical protocol. The mentality of being dependent on the command chain was discussed among the managers. It was obvious to them that the Vietnamese middle managers need to be able to take responsibility and act as the local representation of power and authority. They must be able to solve things without the assistance of the US team and the Italy team. He understood it was a cultural challenge for the Vietnamese people but it was necessary to push them for independence. The connections with the local suppliers and other local references were established by the Vietnam team, who should be held

accountable for any problems. The same thing can be said for the manufacturing lines, which are run by Vietnamese employees. Any kind of delays in productions or quality control must be dealt with by a Vietnamese manager. As it was mentioned above, having a Vietnamese chain of command was beneficial due to the ease of operations among the lower level of management of the company. The main issue was that the company had capable people in places of command, but they are not used to taking charge and they lack the mentality to do so. In overall, it was essential for the Vietnamese team to act first and solve the problems independently.

### **5.3. Interview with Chuck Orlick (Appendix 3)**

Chuck Orlick was the Engineering Manager for Datalogic Vietnam and he was one of the lower tier managers when it is compared with Cristian Finotti. The study requires more information regarding the operational level of the company as well as an in-depth look into one specific department, engineering. His opinion towards his Vietnamese team was quite different from what West and Finotti has mentioned. West thought the working culture in Vietnam was vastly different while Finotti believed the way of thinking for the Vietnamese team was lacking in initiatives and ownership of the firm. However, the Engineering Manager thought the working culture was very familiar. His team was in sync with the American way of thinking.

“(...) I felt like our attitudes and the way we thought about things were between Vietnamese and Americans were very similar. You know I got a factory started up in Brazil and well other places in Asia and it just it seemed like the Vietnamese were the most in sync with what you know our way of thinking. (...)” (Orlick, 2018)

This was a surprising finding due to the contrary between the beliefs of different expats. Again, it is a must to keep in mind that Orlick was an Engineering Manager and was not involved with every aspect of the operations.

“(...) I wish I could speak Vietnamese and you know I'm horrible at it but you know it's always interesting seeing these meetings where I couldn't understand anything they were saying. It would have been interesting to hear and understand what they were saying because I was imagining what was going on or what they were saying but in reality I don't. Sometimes things got a bit heated and I don't know what anybody was saying so it was a little weird since you're sitting there and you can't understand why it's getting heated and what the problem was. (...)” (Orlick, 2018)

“(...) When it's got to the technical stuff, sometimes maybe they don't want the American managers to understand, they would go into Vietnamese. They were probably saying that “I can't believe this guy. That was a stupid idea. Can't believe that they actually want to do that.” (laugh). (...)” (Orlick, 2018)

He mentioned how the language barrier was the most obvious obstacle. Being obstructed by the lack of common tongue, both sides suffered immensely in terms of communication. However, in his words, the Engineering Manager did not take offense but rather reflected on the experience and thought it was just a way that the Vietnamese tried to be polite towards the foreign managers. He also stated that if he had been able to converse in Vietnamese, the conversation would have been so much different and his team would not have been expressing so many emotions in front of him.

One of the main reasons for the use of Vietnamese in front of the foreign managers was that the local engineers' English skills were simply not good enough to converse with Orlick. Even the higher-level managers would have to switch to their local language in front of the expats in order to converse with their team. Whatever the locals discussed would have to be translated to the expat again, which caused a delay in communication. His team consisted of 15 people while at least 5 of them could not converse in English at all and half of the rest barely speak it. Another problem came up when his fellow local Engineering Manager, Mr Kang, have to translate most of the issues presented by the local engineers. He mentioned how Brad was mostly working with the upper management levels so he did not have this kind of problems like he and other expats have to face. The problem was not just the time wasted for translation but it was also related to the shared responsibility for both managers. While both hold

the same positions, there was a difference in role. While Kang was the local manager and dealing with the daily operations, Chuck had to given a task of improving the technical skills of the local engineers. With this kind of overlapping authority, they have found quite challenging to perform, especially when one has to translate for another.

The main issue that both the expat managers and the local team must face together and was mentioned by Chuck was the conflict between two different working ideologies. The Vietnamese is representing a culture of saving costs no matter the risks while the American is looking for the most efficient approach without involving risks.

“They wanted to save energy all the time which is great. I battle for quite a while that they had turned the air-conditioning off in the factory at night and that could cause air condensation on our tools and our all our tools were rusting. It took quite a while to get past the saving energy part and you know because we have to keep our tools in shape otherwise that would cause tremendous problems in the long run. Power bills can be paid every month but it takes months to replace a machine and imagine the costs that could have been inflicted on sales and orders. So now they have to keep the air conditioning. It was a common error made by the Vietnamese team. Since they are used to turning the air conditioning off when they leave the house, they did the same thing here in a manufacturing company, which can be very damaging.” (Orlick, 2018)

The idea of saving costs in the long or short term has been a conflict not just between expats and locals. He did not mention much details regarding why there was a mistake in the local way of maintenance of high-value machinery. However, he believed that it was not a problem related to national cultures but rather differences in working cultures and beliefs. The main issue for Chuck was the language and he stated that if it was not for the fact that if he had not been much lower down the chain of command, he would not have had such issues. According to him, despite Kang being such a nice person, there had to be some information lost during the translation process. However, he admitted that it would have been impossible to work there without the assistance of the local team, especially his local counterpart.

The main issues that Chuck Orlick had to face as a supervisor of Advanced Manufacturing Engineering can be comprised of language barriers, overlapping authority and conflicts among different orientations in cost saving methods. There was a lack of understanding in individual roles and miscommunication among the middle managerial roles. Despite being commented for their similar mindsets, the Vietnamese engineers were not able to converse with their expat manager effectively.

#### **5.4. Interview with Randy Person (Appendix 4)**

One of the oldest expats to work with Datalogic Vietnam, Randy Person has some interesting experiences to share with the interviewer. He was the only one that was able to converse a little bit in Vietnamese and was entirely not shy to practice it. He reflected significantly on the communication between him, the expat and the local people in the company.

“(…) My experience is in the realm of communication trying to accurately communicate what needs to be done to a team that English is not their first language. So, many times I would communicate a concept to them and then I would ask the engineers to repeat it back to me what they were gonna go and do and what they were really relaying back to me would be the opposite of what I have just said so I have to explain it again in a different manner. I'd have to change my English and try again a different way until they understand. (…)” (Person, 2018)

He stated that it was difficult for a team without a proper English skill set to fully understand a technical concept presented completely by a native speaker. He also mentioned that such issue can be remedied through patience and a great amount of trials and errors. He remembers how he had to use a much simpler language than he used to converse in order to get his messages through. It had even got to the point that he figured it would be faster for both parties if he just simply gave them what they need to do and explained the reasons for that later. The problem persisted as the

Vietnamese staff failed to understand what the expat managers required of them. Several cases of them having sent emails in English and the expats did not comprehend any of the messages. People who sent emails to the headquarter units in Italy or Eugene, United States would have to go through people like Randy in order proofread the emails. Then, the emails would be sent forward to those awaiting for them abroad. The Vietnamese middle managers would have to be the “middlemen”, who would translate English back to Vietnamese to convey the messages to the manufacturing lines. Randy also made comments about how we would have to converse in basic Vietnamese with the people working on the manufacturing lines, who have little to none knowledge of the English language.

However, to make up for their lack of foreign language skills, the Vietnamese engineers are deemed to be quite resourceful by the expat managers. Randy stated with excitement that it would be best to leave them to what they would excel at.

“(…) there's a rail that moves an image at Target up and down and the rail was malfunctioning so in the US what we do is we just swap the rail out and send the rail back and have it repaired or something like that or we would mothball the old rail. (...) (Person, 2018)

(...) The Vietnamese took a bad rail and another rail that had some other problems ripped them all apart. They had six engineers on the floor squatting on the floor circling around these two rails and ripped them all apart and in one day they remanufactured the rail and got it up and running. (...) (Person, 2018)

(...) They were that resourceful and they made it work well it had to be accurate down you know to like a half a millimeter or something it was just it was phenomenal (...) (Person, 2018)

(...) The u.s. engineers would like okay this is a problem we're gonna ship this rail back to the vendor and we're gonna get a new rail and it'll be two weeks and we can't do anything well the Vietnamese said no we're not gonna wait two weeks we're gonna do it today and we're gonna fix it today. And they did. (...)” (Person, 2018)

Instead of waiting and wasting resources as well as delaying the production line, they were willing to take matters in their own hands and resolve them. This was contradictory with what the higher-level expat managers have commented regarding the Vietnamese people in the company. However, this was the engineers from the productions lines; they weren't involved in the management process instead of carrying out the plans and reporting the plans.

Despite being phenomenal in terms of being resourceful and accurate, the Vietnamese engineers have made mistakes that were based on their own working culture. Similar to Chuck's experience, Randy recalled an incident when the Vietnamese team wished to save costs through conserving a high-cost glue. They were gathering it and putting enough of it into its original syringes. According to Randy's calculations, they could save approximately couple hundreds of dollars but the risks were immensely high. Damages to the products would cost the company to the dozens of thousands and the reputation of the company would be at risk. He explained that the risks associated with the optimization and cost-reduction were sometimes needed to be avoided. The Vietnamese team was exceptionally excellent in these areas of work.

“(...) Datalogics Vietnamese team is very very good at optimization while the US team is much better at creative design and thinking outside the box. The Vietnam team is really good at, if you have a problem with the production group, if you have a problem, they will want to apply everything They're not really good at brand new problems but any times they have a brand new problem that they don't know how to solve it, they need to send sample parts and things back to US, back to the design center where there's more experience where the people who design to understand low-light was designed (...)” (Person, 2018)

Despite being good at what they have been doing, the Vietnamese team still operated strictly on manufacturing. However, they are exceptionally good at it and represented a model for manufacturing for other subsidiaries. Again, the problem of different opinions towards cost-saving efforts made by both parties had been mentioned.

English has become another problem for both the expat manager and his team to overcome. In Randy Person's case, he made several attempts at learning Vietnam, which he was not shy to practice even with the interviewer. However, Randy has shown a much more positive side of the Vietnamese team. The ingenuity and efficiency of the local engineers and production line have been believed to be unmatched even by European standards.

### **5.5. Discussion of the interviews' findings**

The interviewees have given different perspectives towards the involvement of the expats in Datalogics Vietnam. But first we must understand that Cristian and Brad were higher-level managers while Chuck and Randy operated mostly with the lower levels of commands, including engineers and manufacturing lines staffs. The differences in the chain of command levels have shown the interviewer how problems between different cultures in a company would vary depending on where the interviewees are positioned in a company. There are two main issues that have been revealed during the interviews:

- Communication is hindered due to language skills of the local team, especially the lower management teams.
- Conflicts in terms of corporate mentality and work culture.

Firstly, the problems experienced by the expats were mostly involved with the lower management team. According to the General Director, the communication with the Vietnamese General Manager has been as comfortable as it could be as well as Phat's subordinate team. Brad West suggested that it was due to the expertise of working in foreign firms by Phat Tran that they were able to work together so well. The first reason presented by the interviewees was that the differences in language. The local engineers and staff lack the much-needed English conversational skills in order to communicate effectively with the expats without a help of a translator or through a much-simplified version of the original message. Studies have shown that a provision



of language training for expats should be provided to some degrees in order to assist them in adjusting to the new environment. However, this was not the case since there was no mention of any form of Vietnamese language class being provided for the expat. Moreover, it was the lack of English skills that troubled the day-to-day operations of the company. (Brewster, 1997; Thomas, 1996)

However, their opinions towards the working ethics of the Vietnam team varied. Finotti and West claimed that the lower level management team lack a sense of ownership and ability to take responsibility during crisis. This contradicts with the information with what Orlick and Person provided during the interviews. While Chuck Orlick mentioned how the Vietnamese engineers shared the same mindsets with their American counterparts, Randy gave several examples of how these engineers have performed several phenomenal tasks while under pressure. This shows how the relationships between the expat managers and the local staff would be significantly different based on the position of the managers. While West and Finotti mostly interacted with the higher chains of command, Chuck and Randy spent most of their time as expats operating with the engineers and people from the productions line. After all, according to the results of the interviews, they were the ones that presented the most realistic scenario and examples of the daily operations of the company. This represented our theory of how interactions among members of the company and the positions in terms of managerial levels of the expats would influence how individual expats view the process of problem solving within the firm and how the operations are conducted.

## **5.6. Analysis**

Studies suggested that problems that both parties suffer are due to the misunderstanding of each other cultures and differences in communication styles (Brew& Cairns, 2004). The interviewees have shown how they had been in similar cases when they were puzzled of the way their colleagues operate. However, the

situations varied according to the levels of management. The top level of management did not suffer any difficulties due to their experiences in working with foreign companies while the lower levels of management were not shown the same appreciation by expat managers. Suggestions of conflicts related to compensation were not involved in these cases, but it was the inability to communicate in the same language, both the conversational language and the workplace language. CCT training was not provided on any scale according to the interviewees. Brewster and Thomas mentioned this issue in their articles as firms refused to provide CCT training as it was deemed to be unnecessary. (Brewster, 1997; Thomas, 1996)

The Vietnamese working culture was described through different perspectives and it was correlated with the literature related to the subject. Hierarchy system and face-saving were mentioned by both Finotti and West. They both agreed that these attributes conflicted with how the Americans and Italians work. Despite showing obedience and diligence to their work, there were few signs that the Vietnamese middle managers were capable of dealing with crisis and non-routine problems without reporting it back to higher levels of command.

Lewis' work related to the categorization of communication based on cultures and nationalities have indicated that the Vietnamese team would avoid confrontation and initiatives as to lower their risks of losing faces (1996). However, that was not the case for Datalogic Vietnam with its engineers. The two supervisors were most impressed with how they shared almost the same mindsets while strongly upholding their own beliefs when it came to saving costs and machinery's malfunctions. Examples have been given how ingenuity and efficiency were their best traits. Nevertheless, the lack of hindsight had caused issues regarding maintenance of high-value resources. These could be attributed to differences in working cultures and priorities.

Datalogic Vietnam has attempted to gain the effects of trust and shared vision knowledge transfer. With the presence of long-term expatriates, the effects mentioned by Ahlvik and Bjorkman (2015) were clearly in the minds of the managers. The data collected from the interviews specifies how they are all expatriates for improving the quality of the local teams. The objectives range from improving the expertise of local engineers to implementation of an international model of management system and mindset. The expats were responsible for the growth and development of the local workforce. Internationalization of the workforce would bring cohesion between different subsidiaries and the headquarters' demands. The high level of trust and integration demonstrated and mentioned by interviewees show the willingness and openness of the local staff to accept these foreigners as their fellow colleagues. This allows information sharing and practice transfer to be conducted on a more in-depth scale.

The key elements to drive performance and improve the organization was to have transparency, which can be provided through yearly planning meetings. In this meeting, people can express their opinions towards their own cultural beliefs and how it would affect the work dynamics within the company. The most important feature for the managers was to realize that the differences in cultures were unavoidable, especially in an MNC's subsidiary. They need this global team to understand how to work together with people from different countries. The expats should be aware and sensitive towards the people they are working with. Taking a local view, coaching their local and team and developing the mindset of open communication and transparency are essential. The expats in this study made comments how despite being 100% foreign-owned, Datalogic Vietnam has been run dominantly by the local team and that team has been exceptionally doing well thanks to a general manager that is experienced in the international model of continuous growth.

## **6. DISCUSSION**

### **6.1. Discussion of the Research Questions**

#### **6.1.1. 'How do American expatriate specialists and managers influence the Vietnamese subsidiary of a European MNC?'**

The interviewed expats stated how their main roles at Datalogics Vietnam were to improve the professionalism, the work practices and the mentality of the local employees and engineers. Their main expat objectives were to build the local workforce to meet the international standards set by both the headquarter unit and other American and European subsidiaries. According to the information gathered from the interviews, their objectives were mostly satisfied. However, their involvement initiated several non-routine problems that were not seemed to be obvious for the local staff at that moment.

#### **6.1.2. 'How does a manufacturing subsidiary of an MNC (Datalogics) in Vietnam resolve its non-routine problems with the American expatriates being involved in such issues?'**

In this regard, the problems brought up were mostly from the perspectives of the expat managers. Due to the lack of local perspective, the study focuses mainly on how the expat managers view the competency of those working with them and how they resolve crisis. The experience varied depending on the positions of hierarchy and the dimensions of the interactions of the expat managers, which were both vertical and horizontal. The approach this manufacturing subsidiary was resolving these problems were to have the expats transferring their own practices and knowledge to the local staff. However, there were instances mentioned by the middle-level expat managers that there had been compromises made by both parties. The ingenuity and skill levels of the local engineers were deemed to be unique and outmatch other subsidiaries' manufacturing lines.

**6.1.3. 'How will managerial position and level of interactions influence the way expatriate managers evaluate the capability of crisis handling and day-to-day operations in Datalogic Vietnam?'**

According to the interviews and the data gathered from the participants, vertical interactions, especially from the top management levels, indicated that expat managers were influencing the local workforce to improve their perspectives on their roles and positions in the company. The crisis handling capability of the engineering team was not doubted by the expat managers and the day-to-day operations were even made a role model for other manufacturing subsidiaries. However, there were complaints regarding certain practices conducted by certain middle managers, who are deemed to be lacking in vision and ownership in term of their managerial positions.

**6.1.4. 'How effective is cross-cultural training implemented by the MNCs compared to informal cross-cultural interactions in terms of resolving communication problems in subsidiaries?'**

Cross-cultural training was not implemented according to the interviewed expats. Based on the theoretical framework, the expats were adapting through daily interactions and most of their experience with the local team was pleasant and friendly. There was no formation of in-groups or out-groups as the expats had very little difficulty socializing with the local managers and engineers. However, there were annual meetings for the higher managerial positions to discuss their differences in cultures and perspectives. These served the same purpose with the cross-cultural training as it was described by Thomas in his study (1996).

Regarding its relevance in solving communication problems, it was not effective in solving the language barrier that plagued the engineering department. The problem was only partially solved through providing a temporary translator, who usually was the Engineering Manager. Therefore, the positions as both the local and the foreign Engineering Manager had lost some of its normal capability in performance during that period of time.

## **6.2. Evaluation**

This study has given some insights into how Datalogic Vietnam has been operated by a diverse group of managers. The interviews were conducted based on a selection of the high and medium levels of hierarchy in the chain of command. The research was then conducted as a form of mixture of phenomenological research and case study.

According to Waters, a phenomenological research was to narrate the meaning of the experience and behavior described. The data collected will then be related to the themes mentioned in the literature review. However, the data given by the participants are subjective and limited, which leads to the first disadvantage for this research. The selection of the participants was also limited due to the scope of this study and the limited time given by the participants.

An article by TESOL (n.d.) states that case study research would provide a holistic insight into a bounded phenomenon. Triangulating multiple sources of data including interviews and secondary research would enhance reliability and validity of the research. However, it has certain limits similar to phenomenological research, which did not allow an objective point of view of the situation or in this case the company of Datalogic Vietnam.

There are certain disadvantages that this study needs to address for this study. The lack of local perspective and diversity were certainly noticeable. Data collection and analysis could have more numerical data to support evidence provided by the interviewees.

The lack of local perspective was due to the lack of preparation and time needed to arrange interviews with the Vietnamese managers. Interviews with the Vietnamese managers would provide more information related to how they deal with the difficulties listed out by the expats. It would also increase the reliability and the objectiveness of the discussion.

According to the expats' interviews, the company has more than just American and Italian expats working for Datalogic Vietnam. There have been people from Slovakia, Hungary and Singapore. The variety of cultures would assist the research in terms of perspectives.

However, the research has access to multiple sources of reliable personnel in the company. The interviews with the supervisors, General Director and Vice President have allowed the study to be insightful and aware of the day-to-day operations of the company. The selection of people from various positions allows both vertical and horizontal perspectives of the organization's hierarchy.

This study has provided real-life examples of how such circumstance related to lack of common language can be an obstacle for both parties. The solution provided by the expats has been deemed to be merely temporary since translation would not only produce unnecessary risks but also waste resources in terms of human and time. There have been suggestions made by past studies that language training should be implemented in order to erase such barriers in the workplace. However,

implementation of a language training course for incoming expats would be costly in time and money. Datalogic Vietnam should consider the chances of having their own English training course for their employees. Such operation would slow down production since employees would not be able to focus on their day-to-day tasks. Therefore, it can encourage its employees to take up online courses for English skills or provide support for those willing to learn the language thoroughly. Allowing room for improvement would be a boost in motivation as well as comfort while working with foreign expats.

## **7. CONCLUSION**

### **7.1. Implications for international business**

The global economy has revealed several benefits and obstacles with expatriation in an MNC. This study allows the readers to have a general understanding of the experience of the expats working in a manufacturing subsidiary unit in a Vietnamese high-tech industrial park. Main implications would be to realize the importance of the use of a common language in a foreign company, problem-solving differences among subsidiary units and clashes in cultures and communication styles. The three main implications can be drawn from this study.

First of all, the importance of common language in a business organization has been stressed by several prior studies. However, there was a lack of related research in the fields of manufacturing in Vietnam. The solution suggested above would allow the company to be flexible regarding whether to implement their support for those who are willing to learn English in order to communicate with the foreign expats or to provide the training course themselves. However, the foreign expats should be reminded of the current language situation in certain departments of Datalogic Vietnam. (Lee, 2010)



Secondly, different subsidiary units located across the globe would have designated procedure for operations, maintenance and similar ordeals. The study has mentioned how the expats were not always the ones to transfer their practices. It was also the local team that has demonstrated exceptional ability to overcome crises and efficiently cut costs. It was to the point that Slovakian subsidiary unit had to come to Vietnam for practice transfer and Vietnamese engineers were sent abroad to perform similar tasks. However, there was room for improvement since Brad West and Cristian Finotti were stressing on growth in the mindsets of the local employees. Ability to take ownership and responsibility was part of the knowledge and practice transferred to Datalogic Vietnam. International businesses have to understand the nature of expatriation and understand the importance of knowledge and practice transfer. The transfer has to be two-way and local practices need to be understood, evaluated and judged upon accordingly.

The third implication of the study is to provide an in-depth understanding of how cultural clashes in the workplace is necessary for an MNC's subsidiary. The expats understood how different cultures can cause misunderstanding, which can cause problems in daily operations and create non-routine problems. Such difficulties are meant to improve the interactions level between expats and locals. Any form of conflicts will be used as experience for any following issue. Expats and locals are required to be aware of the situation and the differences in cultures. Cultural meeting for representatives of the cultures to address their matters is required for international businesses to strengthen relationships among the workforce.

## **7.2. Suggestions for further research**

Further research can be conducted within the company through interviews with the local managers regarding their working experience with the expatriates. This study is still lacking more solutions towards the conflicts between expats and locals. Literature

related to the involvement level of expats in daily operations and how it would change the work dynamics in an MNC could be investigated further in order to provide the basis for future work.

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## **Appendix**

### **Appendix 1: Brad West, the General Director of Datalogic Vietnam (retired)**

West, B. (2018) *Personal Interview* (Experience working in Datalogic Vietnam).

Interviewer: Tran Tien Minh Duy, 5 January

I enjoy developing organizations and to try having them who have a high performance organization. Because of the people it was also special from the standpoint because of the Vietnamese people cultural of being open and friendly. If people do not enjoy working together and having a good relationship and good relationship means developing trust, typically organizations will not perform well. The relationship between the expert and a local teams with different from the other on a stations because expats weren't considered to be foreign. And the trust and the relationship was a two-way street.

First of all because of the general management level, John and Mr Phat develop very good relationship. You can have different cultures but there are similarities that allowed two different cultures to work together. And even in one culture there are things that differentiate people.

Because there was openness to communicate from both side to understand not just business but about cultural style differences and how to make things work. The fact that if the general manager had been a local manager that had never worked for a foreign company, the style in approach would have never been so similar. He would never have the quantity of English to communicate with the foreign managers and in this case expat managers. Hi-Tech Manufacturing companies have its own culture and approach in respect of how we do things, how we manage processes and people and how we drive improvements. We were basically talking the same language even though we come from different companies. The companies have a lot of similarities in the way they look at management and Manufacturing and quality and providing Service level to customer. We didn't have fundamental differences

because we were sort of used to the same corporate terminology and expectation of quality level.

As the language commonality it is but the language that we are talking about is the language in manufacturing processes and how do you think excellent processes are. It's almost like we have work together for our entire career. The lower down that I got into the organisation sometimes it becomes a little bit more difficult, their view is somewhat different from the same guy with the same job that we would have employed in Europe or United State. Our mission in Vietnam was to grow the people. We were trying to educate a global mindset for the local operation.

I worked well with people like Mr Kang and Mr Chung who were excellent managers. However, I have problems with the lower management levels, including the senior planners that were working for Datalogics. However, there were issues with the lower management levels. I worked with a Senior Planner Supervisor. He was a good person. NO issue about the person. However, he has a narrow perspective of the job. He thinks about it as a planner that they are not held accountable for something that Purchasing and production did not do. They did not deem that problem as their problem. They simply report the problem without explaining why they did not meet the plan or being responsible for working with others to make sure the plans are on schedule. I think it was a local cultural problem. It might sound a bit extreme but i figure this is what he was thinking: i put a plan together and that is exactly what i do and by the way i am not taking on any extra responsibilities, which may create extra risks. These risks include my job and losing face. However, in America, such actions will be condemned as excuse making. I expect something along the line of him taking responsibilities and the initiatives. I want him to accept that it is a problem that we did not meet the plan and we need to do something about it. Again, the most difficult challenge was to have people grown into this mentality and have the initiatives to influence as well as the ownership of the responsibilities.

They were always waiting for their senior managers to tell them what to do. In the US, it was the opposite. The managers expect you to make things better by yourself and not to wait for the senior managers to tell you what do. Despite showing great respect towards their managers, these people need to lay off the weight on the General Manager's shoulders. The reality is the lower part of the organization needs to grow into an international model expected out of this company. They have no clue why they need to take responsibility and ownership of the company. What they need is to understand how to empower themselves as well as to use the freedom that they have to be more efficient in the workplace. However, it was not just a problem in Vietnam. I saw the same thing in other subsidiaries in Eastern Europe.

You have to push them to take initiatives. I did not see any outright resistance to what i asked of them. It was not even passive aggressiveness. To me, it was strange that they found it uncomfortable and struggled to understand this sort of concept.

I understand you can't control your role but we believe you can influence your world and you should take the individual initiative to go make it as good as it can be made but not just to say 'it's not my problem I couldn't do anything'. And that means saying 'hey yeah today I hate to say it but we only made 50% of our plan. I know it's not acceptable and the fact that it keeps happening says we got to do something about it and here's what I'm planning to do about.' This is what I expect but I gotta tell you it was very difficult, and I saw it in other examples as well.

They were always waiting for their senior managers to tell them what to do. In the US, it was the opposite. The managers expect you to make things better by yourself and not to wait for the senior managers to tell you what do. Despite showing great respect towards their managers, these people need to lay off the weight on the General Manager's shoulders. The reality is the lower part of the organization needs to grow into an international model expected out of this company. They have no clue why they need to take responsibility and ownership of the company. What they need is to



understand how to empower themselves as well as to use the freedom that they have to be more efficient in the workplace.

The reality is the lower part of the organization needed to develop - let's say a more international model of what you would expect in a business and in manufacturing and I'm not saying that that you couldn't go into US organization and have some degree of that. It was like a more of a shock because they weren't used to it you know. You're trying to get the whole organization to perform at that level. The struggle was how to develop confidence so when I realized, and I told him the same thing on some people he was working with. I said the problem is because we say 'hey this is not the way it should be', they almost were frozen you know what I mean. They were frozen. They didn't quite have confidence and so even though they heard it, it was more like, 'oh you're complaining me. You're complaining me.' When really we were trying to hold them accountable but also coaching them.

I've also seen local organizations where it was much more difficult to integrate with the local team and have an extremely hard time doing their job. Because they were and they team that they were with were all locals that they hadn't dealt with or it was a bigger challenge for them you know. What I'm saying that I felt like our challenge was not so significant because the general manager that led the day-to-day is in sync 100% with the General Director who also own the global operation you understand what I mean. That made it easy and I mean we didn't do it overnight. We didn't get to maturity in high performance overnight but it could have been an absolute nightmare as a lot of organizations fail when they try to start up a local foreign organization because they never get everybody in-sync right.

We talked about one of the key elements of this yearly planning meeting was about how to drive improvement in this organization and performance. We sat down and talked about the differences in cultures. Finotti would talk about Italy, Phat would talk about Vietnam and we would talk about American. We try to understand the strengths and weaknesses because we realized that these differences would lead to operational conflicts.

I think it was fairly easy for the US expats to be accepted and integrate into working with the organization. First of all, the Vietnamese general manager identified this when we talked about the difference in cultures. The Vietnamese people have a favorable opinion towards people from Western countries and want to look you know we'll learn from them. So, they tended to give you respect very quickly when you were the senior person. Whether you were Chuck Orlick with the engineering group or Randi Person with engineers or myself. The realities were that we were senior people so that tended to give us respect from a hierarchical view. We were from a western country and they were eager to learn and because we open to knowing more about the culture and the people and the language. We were working on, you know, together in exchanging ideas I felt like it went very quickly right. I'm not saying there were never issues but honestly it went very well. It might even been more difficult if we had moved to the east side of USA.

## **Appendix 2: Interview with Cristian Finotti, Vice President of Supply Chain Management at Datalogic Headquarter**

Finotti, C. (2018) *Personal Interview* (Experience working in Datalogic Vietnam).  
Interviewer: Tran Tien Minh Duy, 6 January

From my point of view, Datalogic Vietnam is a pretty unique case because it was not just two different cultures getting in touch but actually it was three different cultures getting in touch because it was Italian, US and Vietnamese. So at the beginning it was mainly the US team, who together with your father and the rest of the management team in Vietnam who build up the facility and built the initial team and whatever as soon as also the Italian team start getting involved things went a little bit more complicated because there was not an initial full alignment between the US and Italian themselves. Everybody from the three parties came to today to work with each other with different backgrounds with different perspectives but also different pre-built opinion okay? Because at the end if you like it or not, you have some preliminary consideration or opinion or point of view before getting in touch with the other cultures.

So the major points of complexity in the beginning were different management styles of the three different cultures. The second point was a little bit more complicated is that while a European or an American manager had a certain level of awareness and knowledge regarding Asian countries, which we have worked with in the past like China, Taiwan. There was a little bit less of knowledge at least from the Italian point of view about Vietnamese, which is a different culture from other Asian countries and so also getting in touch with these differences was not an immediate start okay?

If I have to leave the three major points of complexity in the management relationship was different management styles where US is practical and U.S. people are really pragmatic when it comes down to project management oriented okay?

Italian people are verbally complicated so we used to talk a lot and we used to spend a lot of words to get around the concepts in order to try to explain yourself. We tend to explain things that twice or three times in slightly different ways because we believe it's the best way to get things through to the other people okay?

Italian people are also more oriented to to do things in the right way or what they believe it's the right way but they are less organized okay? While US people are very organized. With these two perceptions or point of views, Vietnamese culture came in okay?

And the Vietnamese are little bit different themselves okay and you know better than I do how Vietnamese are? And so on one side they are very respectful about the individual and about the people and so they want to make sure that whenever you interact with them you have a full respect about the individual opinion but they're also very hierarchical okay so you cannot talk in the same way to all the people in the organization no matter where they are positioned. They're very strict in following the hierarchy so the boss is the boss the lieutenant is the lieutenant and so on with all the other level below. This was a strong element and also the respect for the experienced in Vietnamese culture is very strong, which is not the case in the U.S. So in the U.S., if somebody who is fresh and younger but has a good idea, he or she can really throw it on the table and it is considered that as good as anybody else so it's different.

So managing complex projects with these three different pieces of cultures was not immediate. No matter these difficulties I think that the three major points of solution or I'll say the three major achievements that the team made was first of all to have the right people in the right place yeah so having a factor and the first management line of Mr Phat all coming from Vietnamese culture and not coming from U.S. or Italy it was a winning point. Because with that approach, we guaranteed that all the organization of Datalogic Vietnam was managed accordingly to the major Vietnamese cultural principles and so which requires a lot of trust from outside in Phat and his management style and his people. It also requires from Phat and from each team to be the link between the Vietnamese culture of the organization and the rest of the culture coming from outside. Phat and his team really made the locking joint between the two cultures and that was the first element that I think was the winning one.

The second was that as soon as we understood that the cultural elements was not trivial but could be potentially also an obstacle or can drive to mistakes and these are mistakes.

We decided together with the Brad West to run a couple of cultural meetings that we think are really helpful, where all the three of us so myself as Italian, Brad as an American and Phat as a Vietnamese. We brought into on the table and open discussion regarding two things first of all a deep presentation about what each own culture is okay and so I present the Italian way of doing things Brad presented US and Phat presented Vietnamese. Most important than this, each of us brought into the table what we thought the other two cultures look like so from an Italian point of view I presented what Italian opinion about US culture and what's the Italian opinion regarding Vietnamese culture and vice versa. So Phat presented Italian and US and Brad presented Italy and Vietnam. This helped a lot because if you do it in the right way and you are really open and transparent. At the end you start discussing regarding prejudices regarding false opinions or regarding a point of views which might completely be wrong and so you really openly look into what each one of us was carrying within himself as a management style but also all the other people behind us.

### **Appendix 3: Interview with Chuck Orlick, the Engineering Manager.**

Orlick, C. (2018) *Personal Interview* (Experience working in Datalogic Vietnam).  
Interviewer: Tran Tien Minh Duy, 12 January.

I really enjoyed working with them they were all very outgoing and they really wanted to succeed and you know. I started going to Vietnam maybe ten years ago but the factory just turned ten so I guess it was a little longer than that probably 11 years ago. The economy was really improving then during that time and it was amazing that this the difference between when I started going there and when I stopped going there of a difference but you know everybody was very enthusiastic because they were excited to work for an American company, which technically belongs to an Italian group.

I felt like our attitudes and the way we thought about things were between Vietnamese and Americans were very similar. You know I got a factory started up in Brazil and well other places in Asia and it just it seemed like the Vietnamese were the most in sync with what you know our way of thinking.

I wish I could speak Vietnamese and you know I'm horrible at it but you know it's always interesting seeing these meetings where I couldn't understand anything they were saying. It would have been interesting to hear and understand what they were saying because I was imagining what was going on or what they were saying but in reality I don't. Sometimes things got a bit heated and I don't know what anybody was saying so it was a little weird since you're sitting there and you can't understand why it's getting heated and what the problem was.

I guess it is a bit different just being at a different level in the organization guys asked to try to bring up the skills of the engineering group there and so there's there's 13 guys and that I was managing and I'd say well others so four or five that couldn't speak any English and and so some of it you know what I'm talking about

When it's got to the technical stuff, sometimes maybe they don't want the American managers to understand, they would go into Vietnamese. They were probably saying that "I can't believe this guy. That was a stupid idea. Can't believe that they actually want to do that.' (laugh).

Well I was a Engineering Manager and I kind of held a dual role with the Vietnamese Engineering Manager. I think I was the American Engineering Manager while Kang was the Vietnamese Engineering Manager. We were never quite clear exactly where it parted ways but you know we work together quite a bit and he's my translator as well. You know like I said there's some guys I couldn't talk to because they didn't speak any English.

They wanted to save energy all the time which is great. I battle for quite a while that they had turned the air-conditioning off in the factory at night and that could cause air condensation on our tools and our all our tools were rusting. It took quite a while to get past the saving energy part and you know because we have to keep our tools in shape otherwise that would cause tremendous problems in the long run. Power bills can be paid every month but it takes months to replace a machine and imagine the costs that could have been inflicted on sales and orders. So now they have to keep the air conditioning. It was a common error made by the Vietnamese team. Since they are used to turning the air conditioning off when they leave the house, they did the same thing here in a manufacturing company, which can be very damaging.

#### **Appendix 4: Interview with Randy Person, the Engineering Manager**

Person, R. (2018) *Personal Interview* (Experience working in Datalogic Vietnam).  
Interviewer: Tran Tien Minh Duy, 14 January

My experience is in the realm of communication trying to accurately communicate what needs to be done to a team that English is not their first language. So, many times I would communicate a concept to them and then I would ask the engineers to repeat it back to me what they were gonna go and do and what they were really relaying back to me would be the opposite of what I have just said so I have to explain it again in a different manner. I'd have to change my English and try again a different way until they understand.

They would have something they had to write something in English, they would come and have me proofread it and I would read it like I don't even understand what you're trying to say so I would that first have to go back and ask them what are you trying to say, what are you trying to convey here and once they understood what they're trying to convey then I could rewrite it and help them to write it in English.

Sometimes I'd even go to the manufacturing lines and take a look and there was something that's not exactly what I want and the instructions given from the top meant something different and you know take me a few times to try. I would have to get a Vietnamese that I knew understood English really well to communicate to them and then they would go back and communicate to the manufacturing the lead operators the quality people and other people that didn't understand English at all.

There's a rail that moves an image at Target up and down and the rail was was malfunctioning so in the US what we do is we just swap the rail out and send the rail back and have it repaired or something like that or we would mothball the old rail.

The Vietnamese took a bad rail and another rail that had some other problems ripped them all apart. They had six engineers on the floor squatting on the floor circling around these two rails and ripped them all apart and in one day they remanufactured the rail and got it up and running.

They were that resourceful and they made it work well it had to be accurate down you know to like a half a millimeter or something it was just it was phenomenal.

The US engineers would like okay this is a problem we're gonna ship this rail back to the vendor and we're gonna get a new rail and it'll be two weeks and we can't do

anything well the Vietnamese said no we're not gonna wait two weeks we're gonna do it today and we're gonna fix it today. And they did.

Datalogics Vietnamese team is very very good at optimization while the US team is much better at creative design and thinking outside the box. The Vietnam team is really good at, if you have a problem with the production group, if you have a problem, they will want to apply everything They're not really good at brand new problems but any times they have a brand new problem that they don't know how to solve it, they need to send sample parts and things back to US, back to the design center where there's more experience where the people who design to understand low-light was designed.



## Appendix 5: The Conceptual framework.

